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DONGGUANG CHEMICAL LIMITED

東光化工有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1702)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that based on the preliminary review made by the Board on the draft unaudited consolidated management accounts of the Group for the six months ended 30 June 2017 and other information currently available to the Board, the Group is expected to record a significant increase in net profit for the six months ended 30 June 2017 as compared with the corresponding period in 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Dongguang Chemical Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (“**Directors**”) of the Company wishes to inform shareholders of the Company (“**Shareholders**”) and potential investors that based on the preliminary review made by the Board on the draft unaudited consolidated management accounts of the Group for the six months ended 30 June 2017 (the “**Period**”) and other information currently available to the Board, the Group is expected to record a significant increase in net profit for the Period as compared to the corresponding period in 2016. The increase was due to a recovery in the average selling prices of urea, methanol and other by-products in first half of 2017. The increase in average selling prices of urea, methanol and other by-products is supported by (i) the improvement in domestic and international macro economy; (ii) the balanced supply and demand of urea products due to the industry consolidation in the People’s Republic of China which led to an overall scale down in the supply of urea; and (iii) the recovery of coal price.

The information contained in this announcement is only based on preliminary review and assessment made by the Board with reference to the information currently available, including the draft unaudited consolidated management accounts of the Group for the Period, which is yet to be confirmed and finalised and has not been reviewed and audited by the Company’s independent auditors and is subject to change. Shareholders and potential investors are advised to refer to details in the interim results announcement of the Company for the Period which is expected to be published by the end of August 2017.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

On behalf of the Board
Dongguang Chemical Limited
東光化工有限公司
Wang Zhihe
Chairman

The PRC, 9 August 2017

As at the date of this announcement, the Board comprises Mr. WANG Zhihe, Mr. SUN Yi, Mr. SUN Zushan and Mr. XU Xijiang as executive Directors; Ms. LIN Xiuxiang, Mr. LIU Jincheng and Mr. NG Sai Leung as independent non-executive Directors.